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Reimbursable Agreements

Presented by: **Dan Hedani**
David M. Klinger



Federal Aviation
Administration



Federal Aviation Administration Western Service Area

William C. Withycombe, Regional Administrator
AWP-1

Ed Moy, Director, Western Service Area for
Technical Operations

Mark McClardy, Airport Division Manager
AWP-600



INTRODUCTION

FAA is responsible for the operation and maintenance of 40,000 facilities that support the National Airspace System (NAS).

The construction, relocation, replacement or modification of air traffic control, air navigation facilities or components has the potential of interfering with the normal operations of a FAA facility.

The Reimbursable Agreement allows the coordination of airport development projects with its principal goal of protecting the integrity of the NAS.



Reimbursable Agreement

DEFINITION

A Reimbursable Agreement is a legal document between an Airport Owner (Sponsor) and the FAA that allows the FAA or Sponsor to provide material or services for a portion of a project and be paid or reimbursed for that material or service.



Defining the Need for Reimbursable Agreement

- FAA AC 150/5300-7B *“FAA Policy on Facility Relocations Occasioned by Airport Improvements or Changes”*, November 8, 1972

Facility Relocations/Facility Establishment

Airport Improvements

Airport Changes



Reimbursable Agreement Authorization

Reimbursable Agreements between the FAA and Airport Sponsors are provided for under 49 USC 106 (l)(6) and 49 USC 44502 (a).

(6) Contracts - The Administrator is authorized to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary to carry out the functions of the Administrator and the Administration. The Administrator may enter into such contracts, leases, cooperative agreements, and other transactions with any Federal agency (as such term is defined in section 551 (1) of title 5) or any instrumentality of the United States, any State, territory, or possession, or political subdivision thereof, any other governmental entity, or any person, firm, association, corporation, or educational institution, on such terms and conditions as the Administrator may consider appropriate.



Reimbursable Agreement Facilities

Typical facilities subject to a Reimbursable include:
ALSF, ASDE, ASOS, ASR, ATCT, ILS, MALSR,
PAPI, RTR, RVR, VASI, VOR, etc.



FAA Exclusive Reimbursable Agreement Rights

FAA has exclusive right to determine how all facets of the relocation will be accomplished. This includes, but is not limited to:

Engineering

Site Selection

Procurement

Equipment

Construction/Installation

Testing

Flight Inspection

and Commissioning/Return-to-Service



Need for Reimbursable Agreement

- Airport owner (Sponsor) and FAA shall negotiate a Reimbursable Agreement setting forth all essential elements pertinent to the construction, relocation, replacement or modification of an FAA facility.
- FAA may choose to perform the design and construction; or allow the Sponsor to contract out the design and construction activities.
- The Reimbursable usually includes electronic installation as an FAA role.
- This process should begin before the start of design engineering and typically takes 3 to 6 months to develop, coordinate, and sign a Reimbursable Agreement.



Reimbursable Agreement Verification of Project Eligibility

- Projects should be accomplished by the F&E program or AIP.
- AIP funds can not be used to augment F&E programs without specific statutory legislation. Any project included in an approved F&E program budget is ineligible for an AIP grant. The FAA will check the budget to assure there is not duplication.



Reimbursable Agreement Project Eligibility

- If the FAA elects to install a new NAVAID in lieu of relocating an existing one, the Sponsor's responsibility and consequently, AIP participation is limited to the estimated relocation cost.
- Costs for any upgrade in equipment or replacement with current technology are not eligible.
- Demolition and removal costs of buildings owned by FAA are eligible if caused under AIP.
- Equipment installation and inspection of AIP installed NAVAIDs may be included in Reimbursable Agreements.



Request for Reimbursable Agreement Process

- Notify Engineering Services (ES) formally know as ANI as soon as possible during the Airport Capital Improvement Plan (ACIP).
- Sponsor shall formally request a Reimbursable Agreement in writing to :

Ed Moy

FAA Western Service Area Director

Western Service Area, Technical Operations-AJW-W

(former ANM-400)

1601 Lind Avenue SW, Ste. 310

Renton, WA 98005

- ADO can facilitate activities between Sponsor and TO/ES.



Request for Reimbursable Agreement Process

Letter Agreement/Planning Phase

Ref: FAA Brochure NAS Implementation Facts. Rev. Date 6/20/2005

<http://www.172.30.81.237./reimbursable/FAA%20Brochure%20Rev3.pdf>

- Letter Agreement is a commitment from the Sponsor to pay any costs incurred by FAA in the preliminary stage of establishing the Reimbursable Agreement.
- Conduct a pre-design meeting: Sponsor, consultant(s), FAA users, etc. to explain proposed improvements.
- Consultant(s) should be informed as soon as possible of ES criteria and standards
- Provide copies of as-built drawings to TO/ES.
- Airport Layout Plan should show project, however, it may not describe improvements in sufficient detail to make a determination on facility impact.



Request for Reimbursable Agreement

Final Coordination with Sponsor

Develop an agreed-upon scope and schedule to establish responsibilities and accountability:

- ✓ Does the work scope adequately describe the project?
- ✓ Have the specific requirements of ES and the Sponsor been adequately defined?
- ✓ Are the costs reasonable and itemized for review?
- ✓ Has a schedule of work and commissioning date been defined?

Request for Reimbursable Agreement Process

- With ADO assistance, the Sponsor should establish a principal TO/ES contact.
- Provide TO/ES with specific information on the project (scope, schedule, sketch) at the time the Reimbursable is requested. This will result in a more accurate cost estimate and project understanding.



Reimbursable Agreement Process
New Advance Payment Requirements for Reimbursable
Agreements with Non-federal Entities (Public)
FAA Notice N 2500.81 Effective date April 1, 2006 through
March 31, 2007

- FAA will **only** enter into new Reimbursable Agreements when the public entity will provide an advance payment or deposit.
- Reimbursable Agreements of 25K or less require a payment of 100% in advance.
- Reimbursable Agreements over 25K pay one to three months in advance payment.
 - Billing shall occur monthly thereafter
 - Advance is held as a “no interest bearing” deposit
 - All funds due on the final bill will be netted against the total of the advance and monthly collections and a refund or a bill will be issued as appropriate.

Reimbursable Agreement Process

New Advance Payment Requirements for Reimbursable Agreements with Non-federal Entities (Public)

For work funded through an Airport grant, advances are considered an allowable cost which can be drawn upon for an advance payment and grantees can request reimbursement.



Reimbursable Agreement Process

Four Basic Conditions of Reducing/Waiver of O/H Cost

One or more of the following must be met to receive a waiver:

- Airport Grant is the funding source.
- FAA will receive an asset at conclusion of work (e.g. an air traffic modernization pilot program).
- Sponsor pays for construction of Air Traffic Control Tower (ATCT) or other FAA facility and the FAA will reimburse the sponsor through lease payments (e.g. air traffic control tower lease-to-own arrangement).
- Sponsor donates local funds to assist FAA in installing FAA owned equipment (e.g. a lighting system).



Reimbursable Agreement Process

Advanced Payments

Reducing/Waiving Overhead Cost

- Sponsor is required to submit a written request to reduce/waive the overhead cost.
- **Director of Budget must approve the waiver.**
- Engineering Service Branch/Unit responsible for initiating, coordinating and forwarding to Budget.
- Acquisition will reduce/eliminate overhead upon receipt of an approved waiver.



Reimbursable Agreement Process

Advance Payments

Project Authorization/Proceed with Work

Work will commence when the all of the following have been met:

- Receipt of advance payment
- Issuance of Project Authorization (PA) by FAA Headquarters
- Receipt and establishment of PA within the FAA accounting and tracking systems (it will take approximately 2 weeks to implement)

Work start is estimated to be 2 months after execution of Letter Agreement.



FAA Points of Contact

Dan Hedani,	WSA, ES, Navaid Engineering Unit – Los Angeles Phone: (310) 725-7600 Email: dan.hedani@faa.gov
Ed Duarte,	Coordinator for Reimbursable Agreements, WSA,920.IDT Phone: (310) 725-7887 Email: ed.duarte@faa.gov
Alice C. Clark,	Acquisition and Services Branch Manager, AWP-55 Phone: (310) 725-7563 Email: alice.c.clark@faa.gov
David M. Klinger,	Contracting Officer, AWP-55A Phone: (310) 725-7552 Email: david.klinger@faa.gov
Jamie Duran,	Airports Division, Airports Program Engineer, AWP-621.4 Phone: (310) 725-3612 Email: jamie.duran@faa.gov

